



March 11, 2003

The Honorable Michael Bilirakis
Chairman
Committee on Energy and Commerce, Subcommittee on Health
U.S. House of Representatives
Washington, DC 20515

The Honorable Sherrod Brown
Ranking Member
Committee on Energy and Commerce, Subcommittee on Health
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Bilirakis and Ranking Member Brown:

On behalf of the American College of Obstetricians and Gynecologists (ACOG), and its 45,000 physician partners in women's health care, I thank you for holding this important hearing. Medicaid is a vital health care safety net that ensures essential services for low-income women, including prenatal care and preventive screening tests such as mammograms and pap tests. ACOG is committed to ensuring the program's viability as a source of these important services.

We recognize that many challenges lie ahead for states and the federal government as severe budget shortfalls impact Medicaid expenditures. As Congress examines ways to reform Medicaid, however, we urge caution regarding any proposal that may reduce access to necessary services. Medicaid serves our most needy populations. We urge your Committee to look for ways to enhance, not reduce, access to care.

ACOG Fellows have a long history of volunteerism and service in underserved areas. Intense practice pressures continue to mount for physicians who face not only decreased reimbursements, but also skyrocketing liability premiums. The ability to care for the Medicaid population is growing increasingly difficult.

In many states, the cost of providing care to Medicaid patients is much greater than Medicaid reimbursements. Medicaid provider payments are often the first item cut to address state budget crises. Low payments, which in some states amount to only one-third of the cost to treat the patient, have resulted in a crisis. In the past, physicians could count on privately insured patients to cover the costs associated with uninsured or Medicaid patients. However, many ob-gyns practicing today find it cost-prohibitive to absorb extremely low reimbursement rates and to provide charity care in general.

According to the Kaiser Commission on Medicaid and the Uninsured, 37 states have frozen provider rates or reduced them. The Center for Studying Health System Change (HSC) notes that the proportion of physicians providing charity care declined by nearly five percentage points, from 76.3 percent in 1997 to 71.5 percent in 2001. At the same time, the percentage of physicians whose practices treat any Medicaid patients declined from 87.1 percent to 85.4 percent.

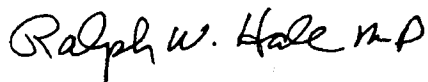
ACOG believes an increase in federal resources is needed to help states meet the needs of the Medicaid program. Without a federal commitment to assist states, which are experiencing increased unemployment and a growing demand for more Medicaid services, services may be cut. In addition, without fair and adequate reimbursement levels for provider services, more physicians may be forced to stop serving Medicaid patients. We urge Congress to reject reforms that would result in further reductions to provider reimbursements.

Finally, ACOG has long recognized that a full spectrum of health services is necessary to ensure healthy pregnancies, healthy deliveries, and a postpartum period free of complications. A healthy start in life helps prevent future difficulties. It is important that Medicaid continue to provide these important services.

We have concerns about the Administration's proposal to permit states greater flexibility to design health programs. Congress must not allow states to reduce care to optional, or non-mandatory populations, or not provide recommended pregnancy-related services to pregnant women. The Administration's recently adopted State Children's Health Insurance Plan (SCHIP) policy, for example, provides coverage to the fetus, rather than the mother, and does not clearly guarantee whether postpartum services and other care for the mother are permitted. We instead support the Medicaid requirements and urge continued adherence to care that includes a full complement of services that ensure a healthy mother and child.

I appreciate the opportunity to share with you my concerns. I look forward to working with you and your staff as you review and identify solutions for Medicaid reform.

Sincerely,

A handwritten signature in dark ink, reading "Ralph W. Hale MD". The signature is written in a cursive, flowing style.

Ralph W. Hale, MD, FACOG
Executive Vice President